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Managing the LOGCAP Contract

Presentation for the Military Operations Research Society
Logistics, Reliability, and Maintainability Working Group
June 2005

- What is the LOGCAP contract?
- What actions has DOD taken to improve contract management?
- What more can be done to control costs?
- What is the future of LOGCAP?

- LOGCAP is a force multiplier, but a costly one.
- DOD has taken a number of steps to improve contract management, including coordination among the LOGCAP players by establishing a LOGCAP czar.
- Seeking efficiency in the use of the contract is everybody's business and more needs to be done.
- The LOGCAP effort in Iraq could increase if troop strength decreases.

GAO has completed 4 reports with the LOGCAP contract and similar contracts since 1997 and has made a number of recommendations to improve the Army's use and management of LOGCAP.

- 1997 reported on LOGCAP ISO early Bosnia operations
- 2000 reported on use of Balkan Support Contract
- 2004 reported on four logistics support contracts
- 2005 reported on improving LOGCAP management

In addition, in 2003 GAO reported on the growing role of contractors on the battlefield.

What is LOGCAP?

What is LOGCAP and Why Use It?

- LOGCAP (Logistics Civil Augmentation Program) is an Army program that plans for the use of a contractor to support contingency operations around the world. Commanders are not required to use LOGCAP but it is available to them. LOGCAP is also available to the Navy and the Air Force as well as civilian government agencies.

- The first LOGCAP contract was awarded in 1992, the current contract (LOGCAP III) was awarded in December 2001 for a 1 year period with 9 option years.

- The use and scope of the LOGCAP contract is increasing because of force caps, a lack of organic capabilities, and the need to husband scarce resources to ensure they are available for other contingencies.

The Current LOGCAP Effort

- The use of LOGCAP to support U.S. troops in Iraq is the largest effort in the history of LOGCAP, both in number of troops supported and in land mass.

- LOGCAP is also being used to support operations in Kuwait, Afghanistan, Djibouti, and Uzbekistan as well as in other countries.

- LOGCAP provides a wide range of services, including life support (housing, food, laundry, and recreation), construction, fuel and material delivery, and logistics support.

- The Army will spend almost $15 billion on LOGCAP since the beginning of fiscal year 2002, including an estimated $6.8 billion on LOGCAP in fiscal year 2005.

LOGCAP Management Improvements

- The Army has taken steps to improve the management of the LOGCAP contract. The Army has:
    - Developed a deployable unit to assist commands using LOGCAP,
    - Implemented training for commanders and logisticians using LOGCAP,
    - Restructured the LOGCAP office to provide additional resources in key areas, and
    - Rewrote its LOGCAP and contractor on the battlefield guidance and regulations.

Improving LOGCAP Coordination

Many Components have LOGCAP Responsibilities

- The Army Material Command (AMC) is the executive agent for LOGCAP and has task organized management of the contract.
  – LOGCAP Contracting Office
  – LOGCAP Program Management Office
  – LOGCAP Support Unit

- Others have responsibilities to ensure the effective use of the contract as well.
  – Customer
  – Defense Contract Audit Agency
  – Defense Contract Management Agency

LOGCAP Responsibilities

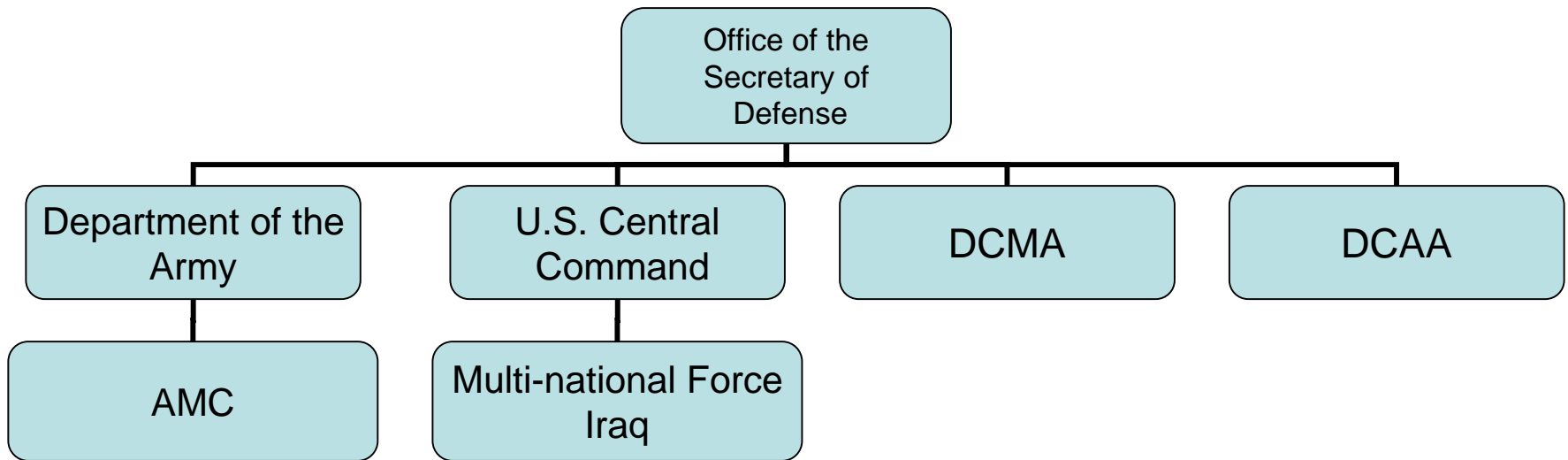| Army Material Command	Customer
•Provides LOGCAP management.	•Determines requirements.
•Obligates the government for work done by the contractor.	•Writes statement of work.
	•Provides funding
•Acts as Army's interface between the customer and the contractor.	•Monitors contract p12erformance
•Deploys worldwide to assist. customers using LOGCAP	•Ensures efficient and cost effective use of contract
DCMA (When requested)	DCAA (When requested)
•Provides daily contract oversight.	•Reviews contractor's financial systems.
•Reviews and approve purchases	•Reviews cost proposals.
•Evaluates quality assurance.	•Approves payment vouchers.
•Monitors contract performance.	•Audits incurred costs.
•Evaluates technical performance.	

LOGCAP Needed
Improved Coordination

- The effective and efficient use of LOGCAP depends on the coordinated activities of all components.

- Our work has shown a lack of coordination between the components which has resulted in

  - Inadequate planning for contract use.

  - The lack of customer involvement in contract monitoring and oversight.

- AMC lacks command authority over the other components to require coordination and adherence to guidance and policy.

- AMC can not direct customer to use the LOGCAP planning process laid out in Army regulations and guidance
- AMC does not make decisions on what services will be provided by the contractor or on the level or frequency of the services
- AMC does not determine the number of staff deployed by DCMA to provide contract management and oversight at deployed locations.

Organizational Structure for Management of the LOGCAP Contract in Iraq

- DOD is the appropriate level for oversight of this program.
- The Under Secretary of Defense for Acquisition, Technology and Logistics as the Defense Logistics Executive has been designated as the LOGCAP coordinator with the authority to participate in deliberations and advocate for the most effective use of LOGCAP.
- The Defense Logistics Executive also reports to the Secretary of Defense regarding how effectively the LOGCAP contract is being used.

Cost Control

Seeking Economy and Efficiency is Everybody's Job

- Our work has shown that when government officials look for cost savings, the government identifies savings.

- Both the Army in the Balkans and the USMC in Djibouti have established mechanisms to review contract services periodically.

  - In the Balkans, Army has identified more than $200 million in savings—10 percent of contract ceiling cost-by reducing services that were no longer needed and identifying efficiencies.
  - After taking over the Djibouti mission, the Marines identified $8.6 million in savings—18 percent of estimate value of work--from its LOGCAP costs by reducing services and identifying efficiencies.

- Savings have been achieved in Kuwait and Iraq based on individual initiative.

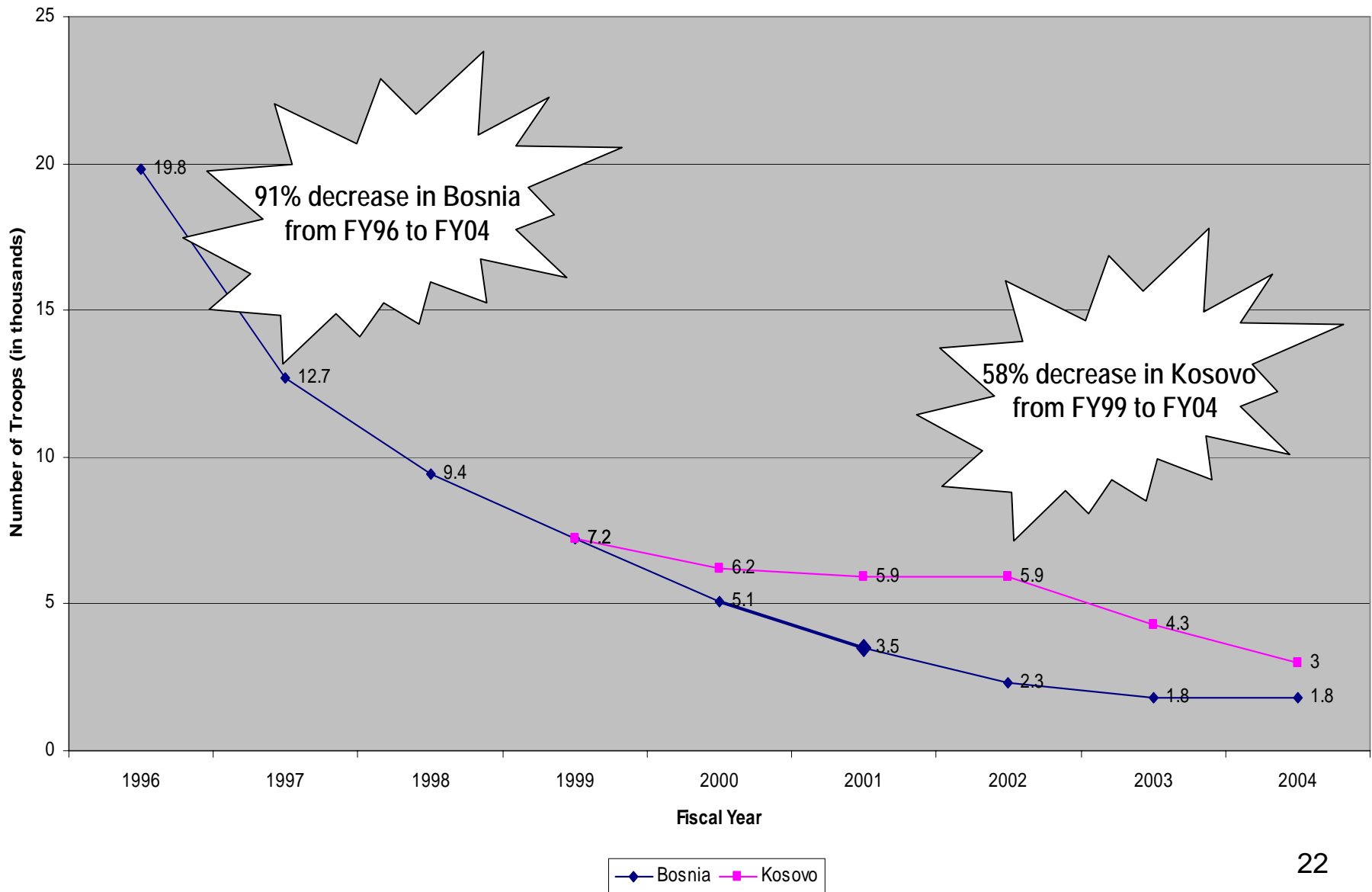# Tiger Teams should be established to help control costs

- In July 2004 GAO recommended that DOD establish "tiger teams"--subject matter expert teams--to review LOGCAP services to determine if the contract services are being provided in an appropriate manner and at an appropriate level.

- DOD concurred with the recommendation but has not established the teams due to other requirements.

The Future of LOGCAP

- Troop levels will draw down without a reduction in mission
  - Services will shift from soldiers to LOGCAP and other contractors
  - Costs will not fall as quickly as troop levels
  - LOGCAP cost could rise as troop strength declines

Declining Troop Strength

Services Shifted to Contractor

Initial Services	Examples of Mission Added Over Time		

Initial Services

- Base camp operation and maintenance
- Food service
- Laundry
- Equipment maintenance
- Road maintenance
- Transportation
- Environmental services

FY99

- Fire fighting in Bosnia and Kosovo
- Radar maintenance
- Airfield services in Bosnia
- Fuel testing lab in Bosnia and Kosovo

FY00

- Crash & rescue at Tuzla Airfield
- Fuel transfer operations in Kosovo
- Organizational & depot support maintenance on Bosnia excess equipment

FY01

- Area Support Group augmentation in Bosnia & Kosovo
- Expand non-tactical vehicle motor pool at Camp Able Sentry
- Organizational & depot support maintenance in Kosovo
- Snow & ice removal in Bosnia

FY02

- Air traffic control services at Slatina Airfield
- Vehicle painting in Bosnia and Kosovo
- Fuel services in Bosnia
- Heavy equipment transportation service in Bosnia and Kosovo
- Snow & ice removal in Kosovo

FY04

- Increase airfield services at Tuzla
- Organizational & depot support maintenance in Kosovo
- Airfield services at Slatina Airfield
- Movement control in Kosovo
- 10/20 maintenance 434 HMMW in Iraq

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